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E.O. 12958: DECL: 07/31/2033  
TAGS: MTCRE ETTC KSCA PARM PREL AU FR GM JA UK

SUBJECT: MISSILE TECHNOLOGY CONTROL REGIME (MTCR) -- NEXT STEPS WITH SMALL GROUP PROPOSAL ON MACHINE TOOLS (C)

REF: A. STATE 26726  
B. STATE 44438  
C. STATE 67437

Classified By: ISN/MTR Director Pam Durham.  
Reason: 1.4 (B), (D), (H).

11. (U) This is an action request. Embassies Berlin, Canberra, London, Paris, and Tokyo, please see paragraph 2.

12. (C) BACKGROUND/ACTION REQUEST: As follow-up to the April 9 small group meeting held on the margins of the April 10, 2008 Missile Technology Control Regime (MTCR) Reinforced Point of Contact (RPOC) meeting in Paris (REF B), Embassies Berlin, Canberra, London, Paris, and Tokyo are requested to deliver the paper in paragraph 3 below to appropriate host government officials and report response. Posts should urge host governments to provide feedback back by August 15, 2008.

13. (C) BEGIN TEXT OF NON-PAPER:

(CONFIDENTIAL/REL Australia, France, Germany, Japan, and the United Kingdom)

#### Machine Tool Proposal Update

Following the small group meeting on the margins of the April 2008 Missile Technology Control Regime (MTCR) Reinforced Point of Contact (RPOC) meeting in Paris, the United States has been examining options for updating its proposal on machine tools to reflect the input received from small group members and would now like to circulate a revised draft proposal for your consideration. We believe this new draft will help achieve our shared objective of raising the profile of the machine tool issue within the Regime. We would appreciate your review and feedback on this proposal by August 15, 2008.

In keeping with past practice, if this suggested initiative is agreed by small group members, the U.S. would then move quickly to preview the proposal with Brazil, Russia, and South Africa. After the expiration of an appropriate comment period with Brazil, Russia, and South Africa, we would plan to submit the proposal formally to all MTCR Partners via the MTCR POC - preferably by September 15.

#### Suggested proposal on machine tools:

Changes to technologies for the development and manufacture of missiles require Missile Technology Control Regime (MTCR) countries to think about emerging technologies and how they impact the Regime's efforts to address the missile proliferation threat. Some of these changes have been subtle, relying on improvements to materials or methods of manufacture, while others have been more dramatic. As technological advances occur, and advanced materials and

products become more commercially available, MTCR Partners need to take steps to ensure that the Regime keeps pace with new technologies and changes in proliferant procurement. One such area is machine tools.

As has been discussed on several occasions by the MTCR Partners in the Information Exchange (IE), there is a continuing demand for high-precision machine tools to support indigenous missile development programs in regions of tension. Given the potential impact of proliferant procurement of machine tools, the MTCR Partners should consider giving greater attention to this issue. In particular, the MTCR Partners should agree that when reviewing licenses to export machine tools, they will consider the potential missile-related application of such equipment during their risk assessment process, taking into consideration that MTCR Partners' national catch-all controls are available to use in addressing concerns about non-controlled machine tools destined for programs of concern. Partners might also want to consider sharing best practices for addressing potential proliferation concerns posed by machine tools. This effort could be supplemented by IE and Licensing and Enforcement Experts (LEEM) papers on machine tools and related procurement and/or interdiction efforts.

In light of the above, it would be prudent to have the Plenary direct the Technical Experts Meeting (TEM) to begin discussing what types of machine tools are useful in missile proliferation with a view to further informing IE and LEEM discussions relating to machine tools.

END TEXT OF PAPER.

¶4. (U) POINT OF CONTACT: Please contact ISN/MTR Director Pam Durham with any questions or follow-up related to this issue (202-647-4931; durhampk@state.sgov.gov).

¶5. (U) Please slug any reporting on this or other MTCR-related issues for ISN/MTR.  
RICE

NNNN

End Cable Text